The Smart Approach to Student Loans and Consumer Debt

This brochure contains important information about student loans. In addition, it is a valuable resource to assist borrowers in making smart repayment decisions and in understanding the options to avoid delinquency and default.

MO STARS

Student loans are valuable resources for assisting students and parents with paying for college. They offer low interest rates, attractive repayment options, and low origination and guarantee fees. In addition, little or no credit history is required to borrow.

When you receive a student loan, you must repay those funds even if:

- **you are not satisfied with the quality of your education,**
- **you do not complete your program of study, or**
- **you are unable to obtain employment.**

Start Smart before you decide to borrow

Furthering your education is a decision you make to develop potential and pursue career goals. It's also a major investment of your time, effort, and money. The sooner you start planning, the more you could save.

1. Consider your career interests. Consult your high school counselor or college adviser to assess your interests and abilities. You then can research occupations that match your interests and skills. The *Occupational Outlook Handbook* is a very useful tool. Talk to students, faculty, and alumni in programs of study leading to those occupations about their experiences.

2. Explore all types of schools. You have many options for continuing your education, including two-year and four-year public and independent colleges and universities and private career schools. Charges vary by school. Research and compare all types of schools so you can determine which is best for your program of study and your budget. If you are considering an out-of-state school, be prepared to pay out-of-state tuition, which can cost twice as much as tuition for in-state schools.

3. Develop a financial plan. By increasing your income and decreasing your spending, you might not need to borrow. If you do need to borrow, you could increase your ability to repay your student loans.

★ **Increase your resources.**

- **Financial Aid** - Missouri offers several state grant, scholarship, and loan programs to help you pay for college. For more information on state and federal student financial assistance, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. You also can contact the Federal Information Center at (800) 4FEDAID for information about federal financial assistance, and college and university financial aid offices for information on their financial assistance programs. Search the Internet for information about financial assistance. (See the list of web sites on pages 23 and 24.) Also, check with community groups, businesses, religious groups, and civic and service organizations.
- **Savings** - In addition to personal savings, the Missouri Saving for Tuition (MO$T) Program can be used to pay for college. MO$T offers a combination of federal and state tax incentives to encourage participants to save for college. For more information, call (888) 414-MOST or visit www.missourimost.org.
- **Federal Tax Incentives** - Federal law provides several tax incentives to help students and families pay for college:
  - Hope Scholarship Tax Credit
  - Lifetime Learning Tax Credit
  - Student Loan Interest Deduction
  - Education IRA

  For more information, visit www.ed.gov/updates/97918tax.html.
- **Work** - Federal Work-Study, internships, part-time jobs, summer and holiday work, and assistantships all provide income as well as work experience and references. Check student employment postings on campus.
- **Tuition Reimbursement** - Employers may reimburse or provide financial assistance to employees for college expenses.
- **Cooperative Education** - Some schools offer work-for-credit programs.

- **Sponsorship** - Some organizations and companies pay college expenses in return for work after graduation.
- **Military** - Check with local military recruiters about educational financing options.

★ **Decrease your expenses.**

- **Prepare for college while you're in high school.** Data indicate that students who take the CBHE-recommended high school core curriculum are better prepared for college and graduate from college at a higher rate than those who do not take the core requirements. Starting your college preparation early by taking rigorous courses in high school may eliminate the need for remedial courses in college. Also look into Advanced Placement and dual credit courses, which allow you to earn college credit while in high school.
- **Follow an academic plan.** Many students change their majors while in college, sometimes postponing their graduation dates by a semester or more. Choose a degree program early, and plan a schedule of courses for your entire time in college, ensuring you don't take longer than necessary to graduate.
- **Eliminate or reduce spending for items that aren't necessary.** For example, can you live at home or find a roommate to share expenses? Do you need a car, or can you carpool or take public transportation?

Can you afford to attend the school you prefer? Once you select a school and know the amount of financial assistance you will receive, decide whether you can afford to attend the school by preparing a budget.

1. Identify your sources of income, including savings, assistance from relatives, gifts, financial assistance, and salary.

2. Calculate your expenses. Remember that tuition, fees, and housing won't be your only college costs. Include all expenses, including textbooks, utilities, transportation, parking, entertainment, medical, and personal expenses.

3. Subtract your expenses from your income to determine your discretionary income (the amount of money remaining after you've met your obligations). If you do not have enough money, investigate alternatives before you make the decision to attend school or to borrow a student loan.

Smart Decisions
the decision to borrow

If you need a student loan in order to attend school, remember:

- Student loans must be repaid.
- The amount of money you decide to borrow for school can affect your lifestyle after you leave school.
- Your ability or inability to repay your student loan will affect your credit worthiness for purchases such as a car or house.
- Failure to repay your student loan can increase your total debt because collection costs might be added to your loan balance.

Prepare an estimated budget to determine your discretionary income after you leave school. This will help you decide how much you can afford to borrow.

- **Identify your sources of income, including your anticipated take-home pay.** (See page 23 for a resource that contains salary information.)
- **Calculate your expenses.** Include your anticipated monthly student loan payments as well as rent/mortgage, groceries, utilities, transportation, medical, and personal expenses. (See pages 5 and 6 to estimate your student loan payments.)
- **Subtract your expenses from your income to calculate your discretionary income.** You should have some discretionary income.
- **Follow the 8 percent rule.** Most financial advisers recommend student loan payments not exceed 8 percent of your gross monthly income. Multiply your estimated gross income (before withholdings) by .08. Your student loan payments should not exceed this amount.
- **Borrow only the amount you need!** If you determine that you need additional funds later, talk with your school's financial aid office.

Repayment Chart
10-Year Repayment Period

Loan Amount	Monthly Pmt / Total Amt Pd	Annual Interest Rate 7%	8%	9%	10%
$2,625	Monthly Pmt	52*	53*	54*	56*
	Total Amt Pd	3,120*	3,180*	3,240*	3,360*
$5,000	Monthly Pmt	58	61	63	66
	Total Amt Pd	6,960	7,320	7,560	7,920
$7,500	Monthly Pmt	87	91	95	99
	Total Amt Pd	10,440	10,920	11,400	11,880
$10,000	Monthly Pmt	116	121	127	132
	Total Amt Pd	13,920	14,520	15,240	15,840
$12,500	Monthly Pmt	145	152	158	165
	Total Amt Pd	17,400	18,240	18,960	19,800
$15,000	Monthly Pmt	174	182	190	198
	Total Amt Pd	20,880	21,840	22,800	23,760
$17,500	Monthly Pmt	203	212	222	231
	Total Amt Pd	24,360	25,440	26,640	27,720
$20,000	Monthly Pmt	232	243	253	264
	Total Amt Pd	27,840	29,160	30,360	31,680
$25,000	Monthly Pmt	290	303	317	330
	Total Amt Pd	34,800	36,360	38,040	39,600
$30,000	Monthly Pmt	348	364	380	396
	Total Amt Pd	41,760	43,680	45,600	47,520

* Based on a 5-Year repayment period due to the small loan amount

Repayment Chart
25-Year Repayment Period

Loan Amount	Monthly Pmt / Total Amt Pd	Annual Interest Rate 7%	8%	9%	10%
$35,000	Monthly Pmt	247	270	294	318
	Total Amt Pd	74,100	81,000	88,200	95,400
$42,500	Monthly Pmt	300	328	357	386
	Total Amt Pd	90,000	98,400	107,100	115,800
$57,500	Monthly Pmt	406	444	483	523
	Total Amt Pd	121,800	133,200	144,900	156,900
$65,000	Monthly Pmt	459	502	545	591
	Total Amt Pd	137,700	150,600	163,500	177,300
$72,500	Monthly Pmt	512	560	608	659
	Total Amt Pd	153,600	168,000	182,400	197,700
$87,500	Monthly Pmt	618	675	734	795
	Total Amt Pd	185,400	202,500	220,200	238,500
$95,000	Monthly Pmt	671	733	797	863
	Total Amt Pd	201,300	219,900	239,100	258,900
$102,500	Monthly Pmt	724	791	860	931
	Total Amt Pd	217,200	237,300	258,000	279,300
$117,500	Monthly Pmt	830	907	986	1,068
	Total Amt Pd	249,000	272,100	295,800	320,400
$138,500	Monthly Pmt	979	1,069	1,162	1,259
	Total Amt Pd	293,700	320,700	348,600	377,700

- **Borrow from one lender.** If you borrow from multiple lenders, you will have to make multiple student loan payments each month.
- **Rights and responsibilities.** The promissory note that you are required to sign when you borrow a student loan discloses your rights and responsibilities. Keep this information, and know the terms and conditions of the loans you have borrowed.

Smart Choices loan types

The Missouri Student Loan Program (MSLP), a division of MOSTARS, is the state-designated guaranty agency that administers the Federal Family Education Loan (FFEL) Program on behalf of the U.S. Department of Education. The FFEL Program includes subsidized Federal Stafford Loans, unsubsidized Federal Stafford Loans, Federal PLUS Loans, and Federal Consolidation Loans. Your school's financial aid office can tell you which loan types you are eligible to receive.

Submit the FAFSA so your school can determine your expected family contribution and other aid for which you are eligible. Depending on your school's procedures, you also might need to complete a loan application or other forms. Contact your school's financial aid office to find out what to do next.

Subsidized Federal Stafford Loans

Eligibility for a subsidized Federal Stafford Loan is based on financial need as determined by a standard federal formula:

Cost of Attendance
– Expected Family Contribution
– Grants, Scholarships, and Other Aid
= Unmet Financial Need

Unsubsidized Federal Stafford Loans

Unsubsidized Federal Stafford Loans are awarded by your school according to the following formula:

Cost of Attendance
– Grants, Scholarships, and Other Aid
= Loan Eligibility

Federal Parent Loan for Undergraduate Students (PLUS)

Federal PLUS Loans allow parents to borrow guaranteed, non-need-based loans for their dependent students.

Federal law requires that lenders check the credit history of PLUS applicants. Parents can be denied a Federal PLUS Loan due to adverse credit, which is defined as:

- the applicant being 90 or more days delinquent on the repayment of any debt or
- the applicant being subject to a default, tax lien, write-off of an educational debt, bankruptcy discharge, foreclosure, repossession, or wage garnishment during the last five years.

In some cases, an applicant can appeal the adverse credit determination. If a parent is denied a PLUS loan, the student might be eligible for an additional unsubsidized loan.

Federal Consolidation Loans

These loans are obtained for the purpose of combining existing student loans into one new loan with new terms. Generally, consolidation results in lower monthly payments but increased total debt.

Low Interest Rates

FFEL Program loans are assessed variable interest rates that are adjusted annually on July 1 and remain in effect through June 30 of the following year. The method for determining the annual adjustment will be disclosed to you on your application and promissory note, and the actual rate will be disclosed on the notice of loan guarantee.

Interest Rates
Subsidized Federal Stafford Loan An annual variable rate that cannot exceed 8.25 percent. The federal government will pay the interest on your loan when you are continuously enrolled at least half time, are in your grace period, or have been granted a deferment.
Unsubsidized Federal Stafford Loan An annual variable rate that cannot exceed 8.25 percent. You are responsible for accruing interest beginning when your loan is fully disbursed, while you are enrolled in an eligible school at least half time, during your six-month grace period (after you stop attending school at least half time), and during authorized deferment periods.
Federal PLUS Loan An annual variable rate that cannot exceed 9 percent. Interest begins accruing on the loan immediately after the first disbursement and continues to accrue until the principal balance is paid in full.
Federal Consolidation Loan A weighted average of the interest rates for the loans being consolidated, rounded up to the nearest 1/8 of 1 percent (not to exceed 8.25 percent). Interest begins accruing on the loan when the first disbursement is issued and continues to accrue until the principal balance is paid in full.

For the current interest rate, contact your lender or the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

Choice of Lenders

You might want to contact the financial institution with which you or your family does business. You also can request a list of participating lenders from your school or from the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

Loan Fees

Federal law allows origination and guarantee fees to be charged to student loan borrowers. The origination fee is equal to 3 percent of the loan amount, and the guarantee fee is 1 percent of the amount borrowed. The lender will deduct the fees from your original loan amount.

Once the application fees are deducted, the lender will disburse the remaining loan amount to your school. In most cases, you will receive your loan in two (or more) disbursements according to a schedule set by your school. The second disbursement occurs after the midpoint of the loan period.

The MSLP no longer charges a guarantee fee for loans guaranteed on or after July 1, 1999.

Loan Limits

For **subsidized Federal Stafford Loans**, you may borrow up to your financial need or the federal maximum loan limit (see page 11), whichever is less.

For **unsubsidized Federal Stafford Loans**, you may borrow the cost of attendance less any financial aid received or the federal maximum loan limit, whichever is less.

For **Federal PLUS Loans**, parents may borrow up to the cost of attendance less the amount of financial aid received.

Annual Loan Limits for Dependent Students

Borrower's Academic Level	Sub + Unsub
First-Year Undergraduate:	
• one academic year	$2,625
• less than one academic year	prorated
Second-Year Undergraduate:	
• one academic year	$3,500
• less than one academic year	prorated
Third-Year and Remaining Undergraduate:	
• one academic year	$5,500
• less than one academic year	prorated
Graduate/Professional:	NA

Annual Loan Limits for Independent Students

Borrower's Academic Level	Base Amount Sub+Unsub	Additional Unsub	Total Sub+Unsub
First-Year Undergraduate:			
• one academic year	$2,625	$4,000	$6,625
• less than one academic year			prorated
Second-Year Undergraduate:			
• one academic year	$3,500	$4,000	$7,500
• less than one academic year			prorated
Third-Year and Remaining Undergraduate:			
• one academic year	$5,500	$5,000	$10,500
• less than one academic year			prorated
Graduate/Professional*:	$8,500	$10,000	$18,500

*Certain HEAL loan borrowers may be eligible for additional unsubsidized Federal Stafford Loan amounts.

Total Amounts Dependent and Independent Students Can Borrow

Borrower's Academic Level	Base Amount Sub+Unsub	Additional Unsub	Total Sub+Unsub
Undergraduate	$23,000	$23,000	$46,000
Graduate/Professional	$65,500	$73,000	$138,500

Smart Preparation
loan repayment begins

Making your student loan payments on time each month will help you establish good credit. Don't wait until you leave school to think about repayment. Plan ahead while you are still in school.

Your loan repayment begin date depends on the type of loan you obtained. **You are required to begin repayment on time, even if you have not heard from your loan holder!** If your loan is coming due and you have not received information from your loan holder, contact the holder to inquire about where and when to mail your payments. If you do not know who your loan holder is, call (800) 4FEDAID.

Subsidized and unsubsidized Federal Stafford Loan borrowers are eligible for a six-month grace period. Repayment begins immediately after the grace period.

With **subsidized Federal Stafford Loans,** you can make payments while you are in school and during the grace period. Payments made for subsidized loans during these periods will be applied to the principal balance as long as you inform your loan holder that the payments should not be considered "paid ahead."

With **unsubsidized Federal Stafford Loans,** you can make payments while you are in school and during the grace period. Contact your loan holder to inquire about making interest payments.

With **Federal PLUS Loans,** repayment begins as soon as the PLUS loan is fully disbursed. Since interest accrues after the first disbursement, some borrowers may be required to make interest payments before subsequent disbursements are made.

Be Smart
the effect of interest

Interest is the cost of borrowing. You are using federal funds for a period of time, and that use has a cost associated with it. If you understand the effects of interest, you can make the right decisions to help reduce your total debt.

Principal balance is the original amount you borrowed, plus capitalized interest, less principal payments.

Simple interest is calculated only on the principal portion of your student loan.

Variable interest is tied to a certain index (depending on the loan) and changes periodically as the index changes.

Fixed interest does not change.

Accrued interest is calculated on your unpaid principal balance each day. The formula for calculating daily accrued interest is as follows:

$$\text{Daily Interest} = \frac{\text{Annual Interest Rate}}{365.25 \text{ days}} \times \text{Unpaid Principal Balance}$$

Example: Interest accrual based on a $2,625 loan with an annual interest rate of 9 percent.

$$\text{Daily Interest} = \frac{.09}{365.25 \text{ days}} \times \$2{,}625$$

$$= \$.646818375$$

Capitalized interest is unpaid accrued interest that is added to the principal balance of your loan. When interest is capitalized, your total debt increases.

After reading through the following examples, you should have a better understanding of how important it is to make interest payments. Though you may not be required to make these payments, you can save yourself a considerable amount of money over a standard ten-year repayment period.

Example: Interest capitalization based on an unsubsidized loan that was originally $2,625. The annual interest rate is 9 percent, and you do not make interest payments.

Loan Disbursement Date: Oct. 1, 1999

Oct. 1 – 31, 1999
$20.05 in interest accrues
($.646818375 x 31 days)

Nov. 1 – 30, 1999
$19.40 in interest accrues
($.646818375 x 30 days)

Dec. 1 – 31, 1999
$20.05 in interest accrues
($.646818375 x 31 days)

Jan. 1, 1999
$59.50 in unpaid accrued interest is capitalized

Principal balance equal to $2,625 + $59.50 = $2,684.50

The daily interest factor is now greater: $.661958932 (.09 ÷ 365.25 x $2,684.50)

Though the difference between the old and new daily interest may seem small, imagine this same calculation on a loan balance of $10,000. During the period from Oct. 1 to Dec. 31, 1999, your principal balance would increase by $226.70. If you're in school for four years, your principal balance as of Oct. 1, 2003, would be about $11,189.96!

If your original total loan amount was $46,000, and all loans carried an annual interest rate of 9 percent, in four years your principal balance would become $51,473.81. Your total interest paid if you pay in full over 10 years will be $26,772. If you pay in full over 25 years, you will pay a total of $78,116.

Smart Planning
repayment options

Your loan holder should disclose repayment terms to you before you enter repayment. This disclosure will be based on a standard 10-year repayment plan; however, you should ask your holder about the following alternative plans.

Prepayment

- Smartest choice
- You can prepay all or part of your loan at any time without penalty.
- Prepayment may substantially decrease your total interest costs.
- Be sure to indicate on any prepayment that your loan holder should apply it to principal.

Standard Repayment

- Best choice if you can't prepay
- Fixed schedule of equal monthly payments
- Maximum 10-year repayment period
- Minimum $50 monthly payment
- Ideal for borrowers capable of meeting full monthly principal and interest payments

Graduated Repayment

- Short-term relief
- Monthly schedule that starts with small payments that increase gradually over time
- Maximum 10-year repayment period
- Your loan holder will set your minimum monthly payment, which generally must at least equal the monthly interest charge.
- Assumes your income will grow over time to cover the increasing loan payments. You will pay higher total interest than if you had chosen the standard repayment plan.

Income-Sensitive Repayment

- Temporary safety net
- A monthly payment schedule that assigns fixed payments for one year at a time. Scheduled payments may increase or decrease each year as your income rises or falls.
- Maximum 10-year repayment period (can be extended annually up to five years if payments are less than the standard principal and interest)
- Your loan holder will set your minimum monthly payment based on income documentation you provide. **Even if you are not required to, try to pay the amount of interest that will accrue on your loan each month. Otherwise, your loan balance will continue to grow.**
- Monthly payments generally range from 4 percent to 25 percent of your gross monthly income.
- Substantially increases your total debt. Try to return to a standard repayment plan as soon as possible.

Extended Repayment Plan

- Available if you received your first loan through the FFEL Program on or after Oct. 7, 1998, and if your total FFEL Program debt exceeds $30,000
- Fixed annual or graduated repayment schedule
- Maximum 25-year repayment period
- Your loan holder will set your minimum monthly payment, which must at least equal the amount of interest due. The minimum annual payment amount must be at least $600.
- Substantially increases your total debt. Try to return to a standard repayment plan as soon as possible.

Smart Options

having problems with repayment?

You may occasionally experience financial difficulties, such as unemployment, illness, or other economic hardships. Don't be embarrassed or afraid to talk with your loan holder about any difficulties you might be having.

If you do not make a full payment on your loan each month, your loan will be considered delinquent. Delinquency can lead to default. (See pages 21 and 22 to learn about the consequences of default.) Unlike consumer debt (such as credit cards and car loans), student loans have built-in options to help you. **Contact your loan holder immediately if you're having problems meeting your payment requirements!** Ask your loan holder about your eligibility for the following options.

Deferment

- A temporary period of time when you are not required to make loan payments
- Interest continues to accrue on unsubsidized loans and PLUS loans. Unpaid interest will be added to your principal balance, increasing your total debt.
- You may choose to make interest payments on your unsubsidized or PLUS loans when you have extra money. You may also choose to make principal payments on any loans, reducing your total debt.
- Various types of deferments are available, depending on when you borrowed your oldest outstanding loan.
- Your loan holder must grant your deferment request if you meet the federal criteria.
- Examples: in-school deferments, graduate fellowship deferments, and unemployment deferments

Forbearance

- A temporary period of time when you are not required to make loan payments, or when you are allowed to make lower payments
- Interest continues to accrue on all loan types.
- Your loan holder may grant you a forbearance if you are willing but temporarily unable to make full or partial payments and do not qualify for a deferment.
- The decision to grant forbearances is up to your loan holder; however, your loan holder may be required to grant you a mandatory forbearance under certain conditions.

Loan Consolidation

- The process of applying for a new loan that will be used to pay off your existing student loan debts
- Option for borrowers who wish to combine all of their eligible loan types into one loan (and to make payments to one loan holder)
- May result in an extended repayment period, which may cause your monthly payments to decrease
- Usually results in a greater total debt
- Consult your loan holder to determine whether loan consolidation is the best option for you. Your loan holder may be able to tell you the interest rate, approximate payment period, and approximate monthly payment amount.
- Married couples may consolidate their individual loans; however, this is not recommended. You would be eligible for a deferment or loan cancellation only if both you and your spouse meet the eligibility criteria (for example, you are both unemployed). In addition, if one of you dies, the other is still jointly and severally liable for repayment of the loan without regard to the amount of individual indebtedness. Even if you divorce, you are both responsible for the total loan debt.

Cancelation **(also known as "loan forgiveness")**

In some cases, your loan can be canceled, which means that neither you, your family, nor a co-signer would have to repay the loan. Cancelation of your student loan debt may be an option if:

- you become totally and permanently disabled,
- you die (For PLUS borrowers, if the student for whom the loan was obtained dies, the PLUS loan will be forgiven.),
- your school falsely certifies your eligibility for a loan, or
- your school closes.

Smart Talk

communicate with your loan holder

Even if you do not remember the specifics of interest accrual or the different repayment plans, **you should always remember that you have options to avoid delinquency or default.**

Contact your loan holder and guaranty agency any time you change your address or telephone number. Having the post office forward your mail will not ensure that you will receive written information from your loan holder. You are obligated to notify them if you move or change your telephone number. If you don't know who your loan holder is, call (800) 4FEDAID.

Contact your loan holder immediately if you are having problems making your payments! Ask them about your options before your loan becomes delinquent. Don't assume that your loan holder has approved your request for deferment, forbearance, or an alternative payment plan. Call them one week after you mail the information to ensure they received the original documentation. Even if you submit documentation, you may not be eligible. Don't assume your holder has granted your request unless they send you written verification.

Contact your school if you are having problems communicating with your loan holder. The financial aid office may be able to help you submit the necessary paperwork. Follow up with your school to ensure that this is done. Remember, the loan is your responsibility.

Always keep copies of your loan information in one place. Keep a copy of any loan applications and promissory notes, correspondence from your loan holder(s) and guaranty agency, letters regarding loan sale, notes regarding conversations between you and your loan holder(s) (including to whom you talked and the date), and repayment schedules or notices.

Smart to Avoid student loan delinquency and default

If you do not make a full payment by the due date, your loan is considered delinquent. If the delinquency reaches 270 days your loan is in default status, and your loan holder will file a default claim with your guaranty agency.

Being in default is a violation of your loan agreement. Your loan holder may reasonably assume you have no intention of repaying your loan. The consequences of default are severe:

- Your loan holder or guaranty agency will report your default to national credit bureaus. Your default, the most severe credit rating, will remain on your credit report for seven years after your loan is paid in full. The credit rating will have severe consequences on your ability to obtain other financing in the future.
- While you retain your right to review your academic records, a school may refuse to release a copy (official or otherwise) of your transcripts.
- The entire amount of your loan, including interest, will become immediately due and payable in full. In other words, your loan holder will not be required to allow you to make monthly payments. Instead, your loan holder will demand payment in full.
- Your loan may be turned over to a collection agency.
- Collection costs may be assessed to your loan. If collection costs are assessed, payments will be applied to those costs first, then to interest and principal.
- Your guaranty agency may assign your debt to the U.S. Department of Education for litigation. In other words, you may be sued for the debt by the federal government.
- Up to 10 percent of your disposable wages may be garnished and applied to your defaulted loan. Your guaranty agency will not be required to take you to court before ordering the garnishment.
- Federal Treasury offset or state tax offset may occur, whereby payments you are eligible for are taken and applied toward your defaulted loan. Treasury offset payments may include federal tax refunds, veterans' benefits, and Social Security benefits.
- You may be denied employment with a state, county, city, or local government, or employment with such agencies may be terminated.
- You will be ineligible to receive any federal or state financial assistance funds to continue your education.
- You will no longer be eligible for deferments, forbearances, or various repayment plans.

Generally, student loans are not canceled, even if you file bankruptcy. There is no statute of limitations on collections of defaulted student loans.

Remember, you have options to avoid delinquency and default! Call MOSTARS at (800) 473-6757 or (573) 751-3940 for more information about repaying your student loans.

Publications

- *Need Money for College?... Missouri Grants, Scholarships, Loans and More*
- *Choosing the Right School for You*
- *The Road to Your Future Entrance and Exit Loan Counseling Booklet* (contains information on expected salaries)

To request any of these publications, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

Internet Resources

- **MOSTARS**
  www.mocbhe.gov
- **MOHELA**
  www.mohela.com
- **Sallie Mae**
  www.salliemae.com
- **ACT**
  www.ACT.org
- **College Board**
  www.collegeboard.com
- **Jump$tart Coalition**
  www.jumpstartcoalition.org
- **Mapping-Your-Future**
  www.mapping-your-future.org
- **Peterson's**
  www.petersons.com
- **Access America for Students**
  www.students.gov
- **Office of Postsecondary Education Information for Students**
  www.ed.gov/offices/OPE/Students/
- **College is Possible**
  www.collegeispossible.org
- **College Opportunities On-Line**
  www.nces.ed.gov/ipeds/cool
- **Think College Early**
  www.ed.gov/thinkcollege/early
- **FAFSA on the Web**
  www.fafsa.ed.gov
- **Alternatives to FAFSA on the Web**
  www.ed.gov/offices/OPE/express.html
- **The Student Guide**
  www.ed.gov/prog_info/SFA/StudentGuide/
- **The SmartStudent™ Guide to Financial Aid**
  www.finaid.org
- **FastWEB**
  www.fastWEB.com
- **Hope Scholarship & Lifetime Learning Tax Credits**
  www.ed.gov/inits/hope
- **Missouri Saving for Tuition (MO$T) Program**
  www.missourimost.org
- **Federal Direct Loan Program**
  www.ed.gov/offices/OPE/DirectLoan/
- **Guide to Defaulted Student Loans**
  www.ed.gov/offices/OPE/DCS/

Notes

MOSTARS, the student assistance division of the Missouri Department of Higher Education, administers a variety of grant, scholarship, and loan programs.

For more information, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940 or visit our web site at www.mocbhe.gov.

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